GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:1612
ANSWERED ON:07.08.2006
INCREASE IN FREIGHT CHARGES .
Patil Shri Balasaheb Vikhe

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) Whether there is any proposal under the Government`s consideration to increase the freight charges on Chemical fertilizers;

(b) If so, the details thereof; and

(c) Its financial impact on the financial condition of the poor farmers?

Answer

MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (SHRI B.K. HANDIQUE)

(a) to (c): In respect of urea, freight subsidy is paid for transportation of urea from manufacturing units to block headquarters in the form of equated freight, which consists of primary freight and secondary freight. Primary freight is towards transportation from plant gate to warehouse/field godowns and secondary freight is for transportation of urea from warehouse/field godowns to block headquarters. Under the policy provisions of New Pricing Scheme for urea units, there is provision for revision in rates of primary freight on account of rail freight revisions and annual increase/decrease in the wholesale price index of diesel for the road component.

In respect of decontrolled phosphatic and potassic (P&K) fertilizers, the freight for movement up to block level is paid as part of the normative delivered price worked out for various P&K fertilizers covered under the Concession Scheme. Fertilizer Association of India alongwith manufacturers/importers of P&K fertilizers have represented for increase in the freight component due to recent hike in rail/road freight. The Government is examining the issue to increase the normative delivered price of P&K fertilizers to cushion the impact of increase in the rail freight.

As the urea and the decontrolled P&K fertilizers are made available to farmers at statutorily notified maximum retail price (MRP) or indicative MRPs, the revision in freight has no financial implications for the farmers.